

Message Text

LIMITED OFFICIAL USE

PAGE 01 LISBON 02023 091250Z

50

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

DOT-00 SAM-01 (ISO) W

----- 064410

R 091145Z APR 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 2422

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

USMISSION NATO

AMEMBASSY VIENNA

AMCONSUL OPORTO

AMCONSUL PONTA DELGADA

LIMITED OFFICIAL USE LISBON 2023

E.O. 11652: N/A

TAGS: ECON, EFIN, BBAK, PO

SUBJ: CREDIT TIGHTENING ON AUTOMOBILE PURHCASES

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LISBON 02023 091250Z

1. BANK OF PORTUGAL HAS TIGHTENED CREDIT ON NEW AUTOMOBILE PURCHASES BY INSISTING THAT ONE-THIRD DOWN BE PAID ON CARS COSTING UP TO \$4,000 WITH REMAINDER PAID OFF WITHIN A YEAR. FOR CARS COSTING BETWEEN \$4,000 AND \$8,000, THE DOWN PAYMENT INCREASES TO 50 PERCENT, AND CARS OF HIGHER COST CAN ONLY BE PURCHASED WITH CASH. HERETOFORE BUYERS OF ANY PRICE CAR HAD TO PAY ONLY ONE-THIRD DOWN AND WERE GIVEN UP TO TWO YEARS TO PAY THE BALANCE. THE MAJORITY OF PURCHASES FAIL WITHIN THE \$4,000 TO \$8,000 RANGE.

2. COMMENT:

A. TIGHTER AUTOMOBILE CREDIT IS CONSISTENT WITH THE CALL FOR AUSTERITY THAT THE PRIME MINISTER HAS REPEATEDLY MADE SINCE MID-1974 AND WHICH WAS REITERATED DURING HIS PRESS CONFERENCE OF APRIL 8 (SEPTEL).

B. PINCH OF TIGHTER CREDIT POLICY WILL BE FELT BY THE 17 AUTOMOBILE ASSEMBLY PLANTS IN PORTUGAL AS WELL AS SALES ORGANIZATIONS AND SUPPLIER INDUSTRIES SUCH AS TIRES. UP UNTIL NOW SALES HAVE HELD UP FAIRLY WELL WITH CONSUMERS BUYING DURABLE GOODS RATHER THAN HOLDING INFLATION-ERODED MONEY. FORD AND GENERAL MOTORS HAD TOLD US EARLIER THAT SUCH A CREDIT POLICY WOULD ADVERSELY AFFECT AN ALREADY BAD OUTLOOK FOR THEIR OPERATIONS IN PORTUGAL.

C. HOW FIRMLY THE GOVERNMENT PERSISTS IN THIS CREDIT POLICY MAY WELL DEPEND ON HOW MUCH OF A THREAT TO THEIR JOBS THE THOUSANDS OF PERSONS EMPLOYED BY THE INDUSTRY CONSIDER IT TO BE. THEY HAVE YET TO BE HEARD FROM.
CARLUCCI

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, AUTOMOBILES, CREDIT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LISBON02023
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750124-0264
From: LISBON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750468/aaaackbl.tel
Line Count: 91
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2003 by ShawDG>; APPROVED <14 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CREDIT TIGHTENING ON AUTOMOBILE PURHCASES LIMITED OFFICIAL USE
TAGS: ECON, EFIN, BBAK, PO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006